

FILED
SEP 15 2009
DEPARTMENT OF MANAGED HEALTH CARE
By Lue Ball
Filing Clerk

1 II.

2 STATUTORY AUTHORITY

3 2. Pursuant to California Health and Safety Code, section 1341, the Director of the
4 Department of Managed Health Care (the Department) is vested with the responsibility to
5 administer and enforce the Knox-Keene Act.

6 3. California Health and Safety Code, section 1375.4 and California Code of
7 Regulations, title 28, section 1300.75.4.2, subdivision (c) require risk-bearing organizations
8 (RBOs) to file annual financial survey reports within 150 days after the close of the
9 organization's fiscal year.

10 4. Where an RBO fails to substantially comply with its reporting obligations, a
11 health plan that maintains a risk arrangement with that RBO is required to take appropriate
12 actions against the RBO pursuant to California Code of Regulations, title 28, section
13 1300.75.4.5(a)(2)(A), which provides, in pertinent part:

14 (a) Every plan that maintains a risk arrangement with an
15 organization shall have adequate procedures in place to
16 ensure . . .

17 * * *

18 (2) That appropriate action(s) are taken following the Department's
19 written notification to an organization's contracting health plan(s)
20 that:

21 (A) The organization has failed to substantially comply with the
22 reporting obligations specified in section 1300.75.4.2 of Title 28,
23 California Code of Regulations, by failing to file a required
24 periodic financial and organizational information disclosure,
25 including the filing of an annual financial survey report . . .

26 * * *

27 5. California Code of Regulations, title 28, section 1300.75.4.5(a)(3), further
28 provides that appropriate actions by health plans include:

1 . . . a prohibition on the assignment or addition of any additional
2 enrollees to the risk arrangement with that organization without the
3 prior written approval of the Director. . . . The prohibition on the
4 assignment of additional enrollees shall take effect thirty (30) days
5 after the date of Department's notification to the organization's
6 contracting plan(s), and shall remain in effect until the Department
7 notifies the organization's contracting health plan in writing that
8 the organization's non-compliance has been remedied.

9 6. California Health and Safety Code, section 1391, subdivision (a)(1), provides in
10 pertinent part:

11 The director may issue an order directing a plan, solicitor firm, or
12 any representative thereof, a solicitor, or any other person to cease
13 and desist from engaging in any act or practice in violation of the
14 provisions of this chapter, any rule adopted pursuant to this
15 chapter, or any order issued by the director pursuant to this
16 chapter.

17 III.

18 STATEMENT OF FACTS

19 7. For RBOs with a fiscal year ending date of December 31, 2008, the deadline to
20 file annual financial survey reports was May 31, 2009.

21 8. Community was provided notice of the above requirement in a June 15, 2009
22 email from the Department.

23 9. As of August 31, 2009, the Department has not received complete annual
24 financial survey reports from the following RBOs with which the Plan maintains risk
25 arrangements. These reports were due May 31, 2009:

- 26 • Pediatric Primary Care Associated Medical Group.

27 IV.

28 CEASE AND DESIST ORDER

Based on the foregoing, the Director finds the above-listed RBO has failed to
substantially comply with the reporting obligations specified in California Code of Regulations,

1 title 28, section 1300.75.4.2. The Director further finds Community is required to take
2 appropriate actions against the above-listed RBO for its failure to substantially comply with its
3 reporting obligations.

4 **THEREFORE**, pursuant to California Code of Regulations section 1300.75.4.5,
5 subdivisions (a)(2)(A) and (a)(3):

6 **IT IS HEREBY ORDERED THAT** Community Health Group **CEASE AND DESIST**
7 **FROM** assigning or adding any additional enrollees to the risk arrangement with the above-
8 listed RBO without the prior written approval of the Director. This prohibition shall take effect
9 30 days from the date of this Order, and shall remain in effect until the Department notifies the
10 Plan in writing that the respective RBO's non-compliance has been remedied to the satisfaction
11 of the Department.

12 This Order shall be effective immediately and shall continue in full force and effect until
13 further Order of the Director.

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16 Dated: September 15, 2009

LUCINDA A. EHNES, Director
Department of Managed Health Care

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19 By: 

20 AMY L. DOBBERTEN
21 Assistant Deputy Director
22 Office of Enforcement
23 Attorneys for Complainant
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